

Exhibit No.:
Issue(s): Capitalized O&M
Depreciation, Energy
Efficiency, Energy
Affordability, Red Tag,
PAYS, Insulation Financing
EnergyWise
Witness: Antonija Nieto
Sponsoring Party: MoPSC Staff
Type of Exhibit: Direct Testimony
Case No.: GR-2025-0107
Date Testimony Prepared: April 23, 2025

MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

AUDITING DEPARTMENT

DIRECT TESTIMONY

OF

ANTONIJA NIETO

**SPIRE MISSOURI INC.,
d/b/a Spire**

CASE NO. GR-2025-0107

*Jefferson City, Missouri
April 2025*

DIRECT TESTIMONY

OF

ANTONIJA NIETO

**SPIRE MISSOURI INC.,
d/b/a Spire**

CASE NO. GR-2025-0107

Q. Please state your name and business address.

A. My name is Antonija Nieto. My business address is Fletcher Daniels State Office Building, Room 201, 615 East 13th Street, Kansas City, MO 64106.

Q. By whom are you employed and in what capacity?

A. I am a lead senior utility regulatory auditor with the Missouri Public Service Commission.

Q. Please describe your educational background.

A. I earned a Bachelor of Accounting from New Mexico State University in December 2006 and a Master of Accounting with a minor in Management in December 2007, also from New Mexico State University.

Q. Have you previously testified in a proceeding before the Missouri Public Service Commission?

A. Yes, I have. Please refer to schedule AN-d1 attached to this testimony for a full list of my prior case participation.

Q. What is the purpose of your testimony?

A. In my direct testimony I discuss Commission Staff's ("Staff") positions regarding Spire Missouri Inc., d/b/a Spire's ("Spire Missouri") capitalized depreciation, energy efficiency, low income energy affordability programs, Red Tag program,

1 One Time energy affordability program (Spire West only), Pay As You Save (PAYS) programs,
2 Insulation Financing program and Energy Wise program.

3 **CAPITALIZED O&M DEPRECIATION**

4 Q. Please describe capitalized depreciation expense.

5 A. Spire Missouri utilizes transportation and power operated equipment to perform
6 both maintenance and construction activities. Generally, a portion of the depreciation calculated
7 on this equipment should be capitalized and charged to the associated capital construction
8 project and eventually placed in plant in service. Spire Missouri utilizes assets in Federal
9 Energy Regulatory Commission ("FERC") accounts 392.00, 396.00 and 396.10 for
10 capital projects.

11 Q. What adjustment did Staff propose for capitalized depreciation?

12 A. Staff has proposed an adjustment to annualize the expense portion of
13 depreciation for these accounts and remove from the annualized depreciation expense the
14 portion of that expense that has been used during construction or capital projects. Staff will
15 re-examine capitalized depreciation as part of its true-up audit, ending May 31, 2025.

16 **ENERGY EFFICIENCY, ENERGY AFFORDABILITY, RED TAG, PAYS**

17 Q. Please briefly describe Spire Missouri's energy efficiency and
18 low-income programs.

19 A. Spire Missouri has energy efficiency programs that allow it to defer energy
20 efficiency costs that include administrative, marketing and customer incentives, and rebates.
21 Staff witness Russell Drury explains the history of the programs and addresses the proposed
22 changes to the programs in his testimony. Staff witness Russell Drury also addresses

1 Spire Missouri's weatherization program which provides education and weatherization
2 assistance to low-income residential customers in order to reduce their energy consumption and
3 thus reduce their utility bill. Additionally, Staff witness Adam K. Stamp addresses the histories
4 and proposed changes of the Low Income-Energy Affordability programs such as Red Tag,
5 PAYS, EnergyWise On-Bill Finance, and Insulation On-Bill Finance.

6 **Accounting Treatment for Energy Efficiency Programs**

7 Q. How did Staff account for Spire Missouri's Energy Efficiency Programs?

8 A. Staff evaluated the regulatory asset balance for these programs and included the
9 unamortized balance in rate base and an annual amortization in expense based on a
10 ten-year period.¹

11 Q. Why did Staff amortize the program's balances over ten years?

12 A. Staff based its recommendation on an agreement reached between the parties in
13 Spire Missouri's 2017 rate case. As stated on page 10 of the Partial Stipulation and Agreement
14 in rate case Nos. GR-2017-0215 and GR-2017-0216 filed on December 13, 2017² where parties
15 agreed on governing terms and conditions of the program: "Subject to any applicable prudence
16 review, all program expenditures shall be deferred and treated as a regulatory asset. Subject to
17 any applicable prudence review, such deferred expenditures shall be amortized in rates over a
18 ten-year period and included in the Company's rate base..."

19 Q. Will Staff review this item in true-up period of this case?

20 A. Yes, Staff will review both the unamortized balance and annual amortization
21 through the true-up cutoff in this rate case, May 31, 2025.

¹ Tariff Sheet No. R-30-12.

² Report and Order, GR-2017-0215, page 145.

**Accounting Treatment for Low-Income Energy Affordability Program
(Weatherization Program)**

Q. Please describe Staff's approach to accounting for Spire Missouri's Low Income Energy Affordability Program.

A. Staff reviewed the actual costs of the Low Income Energy Affordability Program requested from Spire Missouri through Staff's data requests. Staff reviewed the deferral balance for Spire Missouri and included the unamortized balance in rate base and annual amortization based on a three-year period. Staff will review both the unamortized balance and annual amortization through the true-up cutoff in this rate case, May 31, 2025.

**Accounting Treatment for One-Time Energy Affordability Program
(Spire West Only)**

Q. Please briefly describe One Time Energy Affordability Program.

A. In Case No. GR-2014-0007, the parties agreed to the following in a Stipulation and Agreement:

The Company shall also be permitted to defer and recover in future rates up to Four Hundred Thousand Dollars (\$400,000) to fund the one-time energy affordability programs set forth in specimen Tariff Sheet No. R-93.³

This was a temporary low-income energy affordability program established because of the unusually cold winter of 2013-14 and the corresponding hardship for Spire West's, formerly Missouri Gas Energy's ("MGE"), low-income customers. MGE customers could enroll in this program from May 1, 2014 through August 31, 2014, pursuant to the terms set forth in the tariff.

The tariff also states the following:

³ GR-2014-0007, Stipulation and Agreement, Page 18, Commission approved in Report and Order filed on April 23, 2014.

Any Company funds used in the Program, plus administrative funds, shall be deferred into a low-income asset account for recovery over a five-year period in the Company's next rate case. The Company shall not charge or recover fees for its own work administering the program.⁴

Staff reviewed the deferral balance and amortization amounts to insure accuracy. This one-time energy affordability program will be fully amortized in August of 2025. Staff has not made an adjustment to remove the amount from cost of service as the true-up cutoff is May 31, 2025. Staff recommends any amounts over-collected by Spire to be tracked in the next rate case. Staff witness Keith Majors will address the remaining balance in prospective tracking.

Accounting Treatment for Red Tag Program Costs

Q. Please briefly describe Red Tag Program.

A. In Case No. GR-2013-0171, the Commission approved a Stipulation and Agreement allowing Laclede Gas Company, now Spire East, to establish an experimental low income "Red Tag" Repair Program. As part of that agreement, Spire East was allowed to defer costs up to \$25,000 annually in relation to this program. The program allows customers to receive funding toward minor repairs or replacements of their gas appliances and piping in order to obtain or retain gas service.⁵

In Case No. GR-2014-0007, the program was extended to Spire West, formerly MGE. The Commission approved the following in a Stipulation and Agreement⁶ for Spire West:

"...establish, subject to a tracking mechanism similar to that approved for Laclede, a new experimental "Red Tag" program for low income customers under which

⁴ Tariff sheet No. R-93

⁵ Tariff sheet No. R-29.

⁶ GR-2014-0007 Stipulation and Agreement, page 5 and page 18, Commission approved in Report and Order filed on April 23, 2014.

1 financial assistance is provided so that customers can make needed repairs to their
2 equipment or piping where necessary to restore or avoid an interruption of service and,
3 in the process, enhance safety;”

4 “. . . establish a new experimental “Red Tag” program for all customers under which
5 the Company may make minimal repairs to customer piping or equipment while
6 already at the customer’s premises for another reason in order to avoid service
7 interruptions and enhance customer safety;”

8 “. . . the Parties recommend that the Company be permitted to defer and recover in
9 future rates an amount up to One Hundred Thousand Dollars (\$100,000) to fund the
10 Company’s experimental Low Income “Red Tag” Repair Program (See specimen
11 Tariff Sheet No. R-89).”

12 Q. How did Staff account for the Red Tag Program for Spire East and Spire West?

13 A. Staff reviewed Spire East’s and Spire West’s actual costs incurred for the Red
14 Tag program and its regulatory asset balances for the deferred costs. Staff recommends an
15 annual amortization based on the three-year period with no rate base treatment.

16 **Pay As You Save (PAYS) Program**

17 Q. Please briefly describe PAYS Program.

18 A. PAYS is a financing program offered to customers to install energy efficient
19 upgrades in their homes with no upfront cost. Via this program, Spire Missouri covers the initial
20 cost of qualifying upgrades the customer chose, then recuperates the costs from the customer
21 through a fixed charge on their Spire bill. The fixed charge to participating customers under
22 this program is designed to be less than estimated savings from reduced energy consumption.

23 Q. How did Staff account for the PAYS program?

1 A. Staff requested the actual monthly amount spent on this program by
2 Spire Missouri, monthly deferral balance, and PAYS revenue received from participants.
3 Staff is still awaiting a response to the aforementioned data request.

4 For the purpose of direct filing, Staff has included in rate base an unamortized program
5 balance and made an adjustment to the amortization expense proposed by Spire Missouri.
6 Staff will review both the unamortized balance and annual amortization through the true-up
7 cutoff in this rate case, May 31, 2025.

8 **INSULATION FINANCING & ENERGYWISE**

9 Q. Please describe the Insulation Financing and Energy Wise Programs that Spire
10 Missouri offers to its customers.

11 A. Spire Missouri offers an Insulation Financing Program that permits
12 credit-qualifying residential customers to borrow funds for the purpose of insulating their
13 homes and making improvements such as adding storm windows and storm doors.
14 The EnergyWise Program is similar to the Insulation Financing Program in that it also provides
15 means for customer financing, but this program offers financing for customers to install high-
16 efficiency natural gas furnaces, natural gas air conditioners, water heaters and other energy
17 efficient natural gas appliances. The EnergyWise program is available to both credit qualified
18 residential and credit qualified commercial customers.

19 Q. How has Staff addressed these programs in the cost of service calculation?

20 A. Staff has included the December 31, 2024, loan balances associated with each
21 of these programs, separately for Spire East and Spire West, as an addition to rate base,
22 found on Accounting Schedule 2. Spire East and Spire West collect interest from customers
23 related to their respective loan balances. Staff has included adjustments to increase revenues,

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1 as part of the Spire East and Spire West cost of service calculations, to appropriately include
2 the interest income that is collected from customers in relation to both of these programs.
3 Staff will continue to examine these loan balances and interest income through the
4 May 31, 2025, true-up cutoff as established by the Commission for this rate case.

5 Q. Does this conclude your direct testimony?

6 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Spire Missouri Inc. d/b/a Spire's)
Request for Authority to Implement a General)
Rate Increase for Natural Gas Service Provided)
in the Company's Missouri Service Areas)

Case No. GR-2025-0107

AFFIDAVIT OF ANTONIJA NIETO

STATE OF MISSOURI)
)
COUNTY OF Jackson) ss.

COMES NOW ANTONIJA NIETO and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony of Antonija Nieto*; and that the same is true and correct according to her best knowledge and belief.

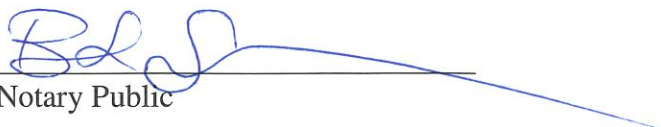
Further the Affiant sayeth not.



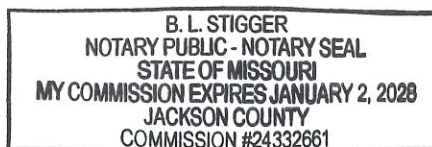
ANTONIJA NIETO

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 16th day of April 2025.



Notary Public



Antonija Nieto

Educational and Employment Background and Credentials

I am currently employed as a Lead Senior Utility Regulatory Auditor for the Missouri Public Service Commission (“Commission”). Previously I was employed by Lauterbach, Borschow and Company, P. C. in El Paso, TX as an auditor specializing in financial institutions audits from January 2008 to November 2009. I earned a Bachelor of Accounting from New Mexico State University in December 2006 and a Master of Accounting with minor in Management, also from New Mexico State University in December 2007. I have been employed by the Commission since October 2016.

As a Lead Senior Utility Regulatory Auditor, I perform rate audits and prepare miscellaneous filings for consideration by the Commission. In addition, I review all exhibits and testimony on assigned issues, develop accounting adjustments and issue positions which are supported by workpapers and written testimony. For cases that do not require prepared testimony, I prepare Staff Recommendation Memorandums.

Cases in which I have participated and the scope of my contributions are listed below:

Case/Tracking Number	Company Name- Type of Case; Issues
GR-2025-0107	Spire, Inc. Capitalized O&M Depreciation, Credit Card Fees, Energy Efficiency, Energy Affordability, and Red Tag Balances, Insulation Financing – Energy Wise, ISRS Investment Assessment - Testimony
ER-2024-0961	Liberty (Empire) Electric Fuel and Purchased Power – Entergy Transmission Contract, Fuel and Purchased Power Fixed Costs, Fuel Inventories, Outside Services, Southwest Power Pool Revenue and Expense, State Line Water Usage
GR-2024-0369	Ameren Missouri Cash Working Capital, Call Center Costs, Paperless Bill Credit Revenue Imputation and Test Year Expense Removal, Property and Facility Sales, Donations, and Facility O&M
SA-2024-0129	Confluence Rivers Certificate of Convenience and Necessity

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
GA-2024-0100	Spire, Inc. Certificate of Convenience and Necessity
WR-2024-0014	Gascony Water Company Rate Increase Request
ER-2024-0189	Evergy Missouri West Bad Debt Expense and Tracker, Depreciation Clearing, Depreciation Expense, Forfeited Discounts, IT Software Maintenance, Pensions and OPEBs, Plant in Service and Accumulated Depreciation, SERP, Severance Costs, Transmission Revenue and Expense and SPP Administrative Fees
GA-2024-0100	Spire, Inc. Certificate of Convenience and Necessity
SA-2024-0129	Confluence Rivers Certificate of Convenience and Necessity
WM-2024-0065	Confluence Rivers Certificate of Convenience and Necessity
GA-2023-0389	Spire, Inc. Certificate of Convenience and Necessity
SA-2023-0346 WA-2023-0345	Missouri-American Water Company Certificate of Convenience and Necessity
WA-2023- 0418	Misty Water Works Certificate of Convenience and Necessity
SA-2023-0215	Confluence Rivers Certificate of Convenience and Necessity

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
ER-2022-0337	Ameren Missouri Non-Labor Power Plant Maintenance, Software and Cybersecurity Revenues and Expenses, Call Center Costs, Plant in Service Accounting (PISA), Insurance Expense, Advertising Expense, Lobbying Expense (including MEDA), Dues and Donations, Edison Electric Institute (EEI), Customer Convenience Fees, Wind Generation Operations and Maintenance Expense, Callaway Refueling Non-Labor Expense, Callaway Unplanned Outage Expense/Capital
EA-2022-0328	Evergy Missouri West Certificate of Convenience and Necessity
ER-2022-0129 ER-2022-0130	Evergy Missouri Metro and Evergy Missouri West Advertising, Customer Advances, Customer Deposits, Dues and Donations (EEI), EMS Run, Material and Supplies, Prepayments, Lobbying, Accounts Receivable Bank Fees, Debit/Credit Card Processing Fees, Economic Relief Pilot Program, Renewable Energy Standard Amortization, Regulatory Asset Amortizations, Injuries and Damages, Insurance, IT Software Maintenance, Maintenance, Wolf Creek Nuclear Refueling Outage, Plant in Service Accounting (PISA)
GO-2022-0171	Spire Inc. Infrastructure System Replacement Surcharge (ISRS)
GR-2021-0108	Spire, Inc. Advertising, Board of Directors, Cash Working Capital, Communication Equipment Lease, Credit Card Processing Fees, Energy Efficiency and Low Income Programs/Weatherization, Energy Efficiency Program Balances, Fuel Expense Equipment and Vehicles, Insurance, Line Locating, Rents and Leases, Severance, Uncollectible Expense
SA-2021-0017	Missouri-American Water Company Certificate of Convenience and Necessity
WR-2020-0264	Raytown Water Company Leased equipment, Outside Services, Purchased Water Bills, Education Expense, Lab Fees, Office Supplies, Primacy Fees, Printing and Postage Expense, Uniform Expense

cont'd Antonija Nieto

Case/Tracking Number	Company Name- Type of Case; Issues
WA-2019-0364	Missouri-American Water Company Certificate of Convenience and Necessity
GO-2019-0356	Spire Inc. Infrastructure System Replacement Surcharge (ISRS)
WO-2019-0184	Missouri American Water Company Infrastructure System Replacement Surcharge (ISRS) Work Order review, Reconciliation
SA-2019-0161	United Services, Inc. Certificate of Convenience and Necessity Plant buildout, Direct Expenses
ER-2018-0145	Kansas City Power & Light Company and Greater Missouri Energy Company Advertising, Bad Debt Expense, Revenues, Customer Advances, Customer Deposits, Customer Growth, Dues and Donations, Material and Supplies, Other Revenues, Prepayments, Forfeited Discounts annualization, Greater Missouri Energy Company EMS Run, Payroll expenses, Payroll Taxes, Employee Benefits
GR-2017-0215 GR-2017-0216	Laclede Gas and Missouri Gas Energy Payroll, Payroll Taxes, Employee Benefits, Non-Labor Maintenance, A&G and O&M Cost Analysis
WR-2017-0139	Stockton Hills Water Company Payroll, Other Expenses
ER-2016-0285	Kansas City Power & Light Company EMS Run, Insurance expense, Amortization, PSC Assessment, Lease expense